

Jordan J. Cohen, M.D., President

June 19, 2002

The Honorable William Thomas
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Thomas:

On behalf of the Association of American Medical Colleges (AAMC), I write to commend your efforts to put together Medicare legislation that provides relief to both teaching hospitals and academic physicians.

The AAMC believes the Medicare hospital and physician provisions are a workable beginning in offering important financial relief from Medicare provider payment reductions. Your legislation, while not maintaining Indirect Medical Education (IME) payments at 6.5 percent, does provide teaching hospitals some IME relief in FYs 2003 and 2004. The AAMC also appreciates the inclusion of full inflation updates to Medicare inpatient service payments and the three-year relief for academic physicians through positive updates to physician payments. We look forward to continuing to work with you towards creating a more stable and rational formula to determine physician payments.

The AAMC appreciates the Committee's efforts relating to resident limits. A number of our members have concerns with the existing caps, which pose a significant barrier to expanding residency programs or creating new ones. While we have concerns about some aspects of the proposal for redistribution of "unused" residency limit slots, we look forward to working with you on this provision.

The AAMC reiterates its belief that maintaining the IME adjustment at current levels is critical to ensuring Medicare beneficiaries' access to highly specialized, regional and key community services provided by teaching hospitals. Reducing federal support comes at a particularly difficult time. Our teaching hospitals are grappling with diminishing Medicaid payments, treating a growing number of uninsured, nursing and other health professional shortages and the need to ensure our readiness for the possibility of future

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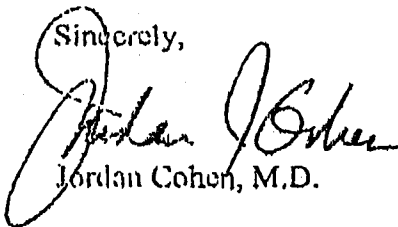
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terrorist attacks. Maintaining the IME adjustment at 6.5 percent will provide important financial assistance to a group of institutions that have total margins that are the lowest of all hospital groups.

We are eager to work in support of legislation that will garner the support of both the House and Senate and be enacted into law by the President.

Again, thank you for your leadership.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jordan Cohen".

Jordan Cohen, M.D.